



General Assembly

February Session, 2016

***Raised Bill No. 172***

LCO No. 725



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING TECHNICAL REVISIONS TO THE  
CONNECTICUT UNIFORM SECURITIES ACT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 36b-3 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2016*):

4 (1) "Agent" means any individual, other than a broker-dealer, who  
5 represents a broker-dealer or issuer in effecting or attempting to effect  
6 purchases or sales of securities. "Agent" does not include an individual  
7 who represents an issuer in (A) effecting transactions in a security  
8 exempted by subdivision (1), (2), (3), (4), (6), (9), (10), (11) or (22) of  
9 subsection (a) of section 36b-21, (B) effecting transactions exempted by  
10 subsection (b) of section 36b-21, except for transactions exempted by  
11 subdivisions (10), (13) or (14) of said subsection, (C) effecting  
12 transactions with existing employees, partners or directors of the  
13 issuer if no commission or other remuneration is paid or given directly  
14 or indirectly for soliciting any person in this state, or (D) effecting  
15 transactions in any covered security, except for covered securities

16 within the meaning of Sections 18(b)(2) or [18(b)(4)(D)] 18(b)(4)(E) of  
 17 the Securities Act of 1933. "Agent" does not include such other persons  
 18 not within the intent of this subdivision as the commissioner may by  
 19 regulation or order determine. A general partner, officer or director of  
 20 a broker-dealer or issuer, or a person occupying a similar status or  
 21 performing similar functions, is an agent only if such person otherwise  
 22 comes within this definition and any compensation that such person  
 23 receives is directly or indirectly related to purchases or sales of  
 24 securities.

25 Sec. 2. Subsection (a) of section 36b-6 of the general statutes is  
 26 repealed and the following is substituted in lieu thereof (*Effective from*  
 27 *passage*):

28 (a) No person shall transact business in this state as a broker-dealer  
 29 unless such person is registered under sections 36b-2 to 36b-34,  
 30 inclusive. No person shall transact business in this state as a broker-  
 31 dealer in contravention of a sanction that is currently effective imposed  
 32 by the Securities and Exchange Commission or by a self-regulatory  
 33 organization of which such person is a member if the sanction would  
 34 prohibit such person from effecting transactions in securities in this  
 35 state. No individual shall transact business as an agent in this state  
 36 unless such individual is (1) registered as an agent of the broker-dealer  
 37 or issuer whom such individual represents in transacting such  
 38 business, or (2) an associated person who represents a broker-dealer in  
 39 effecting transactions described in subdivisions [(2) and (3) of Section  
 40 15(h)] (3) and (4) of Section 15(i) of the Securities Exchange Act of 1934.  
 41 No individual shall transact business in this state as an agent of a  
 42 broker-dealer in contravention of a sanction that is currently effective  
 43 imposed by the Securities and Exchange Commission or a self-  
 44 regulatory organization of which the employing broker-dealer is a  
 45 member if the sanction would prohibit the individual employed by  
 46 such broker-dealer from effecting transactions in securities in this state.

47 Sec. 3. Section 36b-14 of the general statutes is repealed and the

48 following is substituted in lieu thereof (*Effective from passage*):

49 (a) (1) Every registered investment adviser shall make, keep and  
50 preserve such accounts, correspondence, memoranda, papers, books  
51 and other records as the commissioner by regulation adopted, in  
52 accordance with chapter 54, or order prescribes. All such records shall  
53 be preserved for such period as the commissioner by regulation or  
54 order prescribes.

55 (2) Every investment adviser that is registered with the Securities  
56 and Exchange Commission or excepted from the definition of  
57 investment adviser under Section 202(a)(11) of the Investment  
58 Advisers Act of 1940, and every registered broker-dealer, shall make,  
59 keep and preserve such accounts, correspondence, memoranda,  
60 papers, books and other records as the Securities and Exchange  
61 Commission requires. All such records shall be preserved for such  
62 period as the Securities and Exchange Commission requires.

63 (3) Broker-dealer records required to be maintained under  
64 subdivision (2) of this subsection may be maintained in any form of  
65 data storage acceptable under Section 17(a) of the Securities Exchange  
66 Act of 1934 if they are readily accessible to the commissioner.  
67 Investment adviser records required to be maintained under this  
68 section may be stored on microfilm, microfiche or on an electronic data  
69 processing system or similar system utilizing an internal memory  
70 device provided that a printed copy of any such record is immediately  
71 accessible.

72 (b) (1) Every registered investment adviser shall file such financial  
73 reports as the commissioner by regulation prescribes.

74 (2) Every investment adviser that is registered with the Securities  
75 and Exchange Commission or excepted from the definition of  
76 investment adviser under Section 202(a)(11) of the Investment  
77 Advisers Act of 1940, and, subject to Section [15(h)] 15(i) of the  
78 Securities Exchange Act of 1934, every registered broker-dealer shall

79 file such financial reports as the commissioner by regulation  
80 prescribes, except that the commissioner shall not require the filing of  
81 financial reports that are not required to be filed with the Securities  
82 and Exchange Commission.

83 (c) If the information contained in any document filed with the  
84 commissioner under this section is or becomes inaccurate or  
85 incomplete in any material respect, the person making the filing shall  
86 promptly file a correcting amendment unless notification of the  
87 correction has been given under sections 36b-2 to 36b-34, inclusive.

88 (d) All the records of a registered investment adviser and a  
89 registered broker-dealer referred to in subsection (a) of this section are  
90 subject at any time or from time to time to such reasonable periodic,  
91 special or other examinations by the commissioner, within or without  
92 this state, as the commissioner deems necessary or appropriate in the  
93 public interest or for the protection of investors. Every registered  
94 investment adviser and every registered broker-dealer shall keep such  
95 records open to examination by the commissioner and, upon the  
96 commissioner's request, shall provide copies of any such records to the  
97 commissioner. For the purpose of avoiding unnecessary duplication of  
98 examinations, the commissioner, insofar as the commissioner deems it  
99 practicable in administering this subsection, may cooperate with the  
100 securities administrators of other states, the Securities and Exchange  
101 Commission, and any self-regulatory organization.

102 (e) Subject to Section [15(h)] 15(i) of the Securities Exchange Act of  
103 1934 or Section 222 of the Investment Advisers Act of 1940, an agent  
104 may not have custody of funds or securities of a customer except  
105 under the supervision of a broker-dealer and an investment adviser  
106 agent may not have custody of funds or securities of a client except  
107 under the supervision of an investment adviser. Subject to Section  
108 [15(h)] 15(i) of the Securities Exchange Act of 1934 or Section 222 of the  
109 Investment Advisers Act of 1940, the commissioner may, by regulation  
110 adopted, in accordance with chapter 54, or order, prohibit, limit or

111 impose conditions on a broker-dealer regarding custody of funds or  
 112 securities of a customer and on an investment adviser regarding  
 113 custody of funds or securities of a client.

114 Sec. 4. Subsection (e) of section 36b-21 of the general statutes is  
 115 repealed and the following is substituted in lieu thereof (*Effective from*  
 116 *passage*):

117 (e) Any person who offers or sells a security that is a covered  
 118 security under Section [18(b)(4)(D)] 18(b)(4)(E) of the Securities Act of  
 119 1933 shall file a notice with the commissioner within fifteen days after  
 120 the first sale of such a security in this state. Such notice shall contain  
 121 such information as the commissioner may require and shall be  
 122 accompanied by a consent to service of process as required by  
 123 subsection (g) of section 36b-33 and a nonrefundable fee of one  
 124 hundred fifty dollars.

125 Sec. 5. Subsection (d) of section 36b-31 of the general statutes is  
 126 repealed and the following is substituted in lieu thereof (*Effective from*  
 127 *passage*):

128 (d) Subject to Section [15(h)] 15(i) of the Securities Exchange Act of  
 129 1934 and Section 222 of the Investment Advisers Act of 1940, the  
 130 commissioner may, by regulation or order, prescribe: (1) The form and  
 131 content of financial statements required under sections 36b-2 to 36b-34,  
 132 inclusive; (2) the circumstances under which consolidated financial  
 133 statements shall be filed; and (3) whether any required financial  
 134 statements shall be certified by independent certified public  
 135 accountants. All financial statements shall be prepared in accordance  
 136 with generally accepted accounting principles.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	36b-3(1)
Sec. 2	<i>from passage</i>	36b-6(a)

Sec. 3	<i>from passage</i>	36b-14
Sec. 4	<i>from passage</i>	36b-21(e)
Sec. 5	<i>from passage</i>	36b-31(d)

***Statement of Purpose:***

To update for accuracy citations to the federal securities laws amended by the Jumpstart Our Business Startups Act and other federal legislation.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*